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SUBJ: OPERATIONS OF CEMA BANK FOR INTERNATIONAL ECONOMIC
COOPERATION IN 1973

1. SUMMARY. FULL 1973 REPORT OF CEMA INTERNATIONAL BANK
FOR ECONOMIC COOPERATION, RECENTLY PUBLISHED IN SOVIET
ECONOMIC PRESS, INDICATES OVERALL INCREASE IN MOST
BRANCHES OF BANK'S OPERATIONS INCLUDING VOLUME OF CURRENT
ACCOUNTS, EXTENSION OF SHORT-TERM CREDITS FOR INTRA-CEMA
TRADE, NET PROFITS AND CAPITAL RESERVE. MOST STRIKING
DEVELOPMENT IS INCREASED ACTIVITY IN CONVERTIBLE CURRENCY
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AREA, INCLUDING OPERATIONS IN WESTERN MONEY MARKETS.

END SUMMARY.

2. RECENT ISSUE OF EKONOMICHESKAYA GAZETA (NO. 22) CONTAINS FIRST AVAILABLE REPORT ON CEMA INTERNATIONAL BANK FOR ECONOMIC COOPERATION (IBEC) OPERATIONS IN 1973. ARTICLE INCLUDES FULL BALANCE SHEET COMPARING END OF 1973 WITH END OF 1972 WHICH BEING FORWARDED BY AIRGRAM. VOLUME INCREASED IN NUMBER OF SECTORS, WITH PARTICULARLY INTERESTING EXPANSION IN CONVERTIBLE CURRENCY AREA. MAIN POINTS FOLLOW:

(A) OVERALL. VOLUME OF "MUTUAL ACCOUNTS" OF CEMA COUNTRIES CLEARED THROUGH BANK DURING 1973 WAS 47.4 BILLION TRANSFERABLE RUBLES (TR), UP 9.5 PERCENT OVER 1972. ABOUT 95 PERCENT OF THESE TRANSACTIONS WERE CONCERNED WITH TRADING OPERATIONS. VOLUME OF TOTAL CREDITS EXTENDED DURING YEAR WAS 3.8 BILLION TR, UP FROM THREE BILLION IN 1972. CURRENT ACCOUNT DEPOSITS AT END OF 1973 WERE 461.6 MILLION TR, MORE THAN DOUBLE 1972 END-OF-YEAR LEVEL OF 225.7 MILLION. END OF 1973 TIME DEPOSITS WERE 1.9 BILLION TR, COMPARED WITH 1.6 BILLION IN 1972.

(B) CONVERTIBLE CURRENCY OPERATIONS - REPORT STATES THAT AS RESULT OF INCREASED CEMA TRADE WITH INDUSTRIALLY DEVELOPED WESTERN COUNTRIES, OVERALL VOLUME OF IBEC OPERATIONS IN CONVERTIBLE CURRENCY AND GOLD IN 1973 WAS 35.8 BILLION TR (ABOUT DOLS 47.9 BILLION), AN INCREASE OF 31 PERCENT OVER 1972. VOLUME OF SHORT-TERM DEPOSITS IN CONVERTIBLE CURRENCY ROSE ABOUT TEN PERCENT OVER 1972.

"CRISES IN CAPITALIST COUNTRY CURRENCY MARKETS" ARE CITED AS REASON FOR BANK'S EFFORTS IN RECENT MONTHS TO "RESTRICT GROWTH OF (CONVERTIBLE CURRENCY) TIME DEPOSITS." BALANCE OF ACCRUED CONVERTIBLE CURRENCY FUNDS IN FORM OF TIME DEPOSITS, CREDITS AND CURRENT ACCOUNT DEPOSITS AT END OF 1973 WAS 1.4 BILLION TR (ABOUT DOLS 1.9 BILLION). THIS WAS 3.4 PERCENT INCREASE OVER 1972 END-OF-YEAR LEVEL.

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DURING 1973 SHORT AND MEDIUM-TERM CREDIT OPERATIONS IN CONVERTIBLE CURRENCY INCREASED. BANK ALSO PARTICIPATED IN SEVERAL CONSORTIA ORGANIZED BY LARGE WESTERN BANKS AND WAS ACTIVE IN CAPITALIST MONEY MARKETS IN PURCHASE OF DISCOUNT NOTES OF CEMA-COUNTRY FOREIGN TRADE ORGANIZATIONS.

(C) PROFITS AND RESERVE CAPITAL - AS RESULT OF INCREASED OPERATIONS, INCLUDING EARNINGS FROM INTEREST RATE ON

TR CREDITS WHICH VARIES FROM TWO TO FIVE PERCENT, IBEC
PROFITS FOR 1973 WERE 17.4 MILLION TR, UP 2) PERCENT
FROM 1973. PART OF PROFITS WERE ADDED TO BANK'S RESERVE
CAPITAL WHICH WAS 36.3 MILLION TR AT END OF YEAR.
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